



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
INSTALLATIONS AND ENVIRONMENT  
110 ARMY PENTAGON  
WASHINGTON DC 20310-0110



March 28, 2002

REPLY TO  
ATTENTION OF

MEMORANDUM TO Deputy Chief of Staff for Personnel and Installation  
Management, United States Army Forces Command,  
Ft. McPherson, GA 30330-6000,  
ATTN: MG James E. Donald

Subject: The Army Utility Policy

The purpose of this memorandum is to provide further clarification to our March 25, 2002 policy on The Army's Residential Communities Initiative (RCI) Utility Policy.

Residents will be responsible for gas, electricity and/or heating oil costs. The project/partnership will be responsible for all other utilities and all utilities for common areas and vacant houses. This includes all water and sewage costs. That is, residents will not be responsible for water or sewage charges.

As a separate but related issue, the negotiations for this issue will be held in Atlanta, Georgia on April 25, 2002 immediately following the RCI Lessons Learned Conference. Questions surrounding this clarification and policy can be directed to Mr. Ivan G. Bolden, (703) 692-9875.

James T. Lipham

Director  
Residential Communities Initiative





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25 MAR 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Residential Communities Initiative (RCI) Utility Policy

The purpose of this memorandum is to provide the policies and implementing instructions regarding utilities for residents of privatized housing under the Residential Communities Initiative (RCI) program.

Generally, residents will be responsible for their utilities, and they will be rewarded for energy conservation and penalized for energy abuse. The project/partnership will be responsible for all utilities for designated common areas and vacant houses. Specifics follow:

- All new and renovated houses will be metered for gas, electricity and/or heating oil, and all units will be metered by the end of the project's initial development period.
- All RCI sites, including the four pilot sites (Forts Carson, Hood, Lewis and Meade), will comply with the RCI utility policies outlined in this memorandum.
- Residents will be responsible for gas, electricity and/or heating oil costs. The project/partnership will be responsible for all other utilities and all utilities for common areas and vacant houses.
- A Utility Allowance will be identified for each resident from within their Basic Allowance for Housing (BAH) based on: (1) the average cost of utilities for comparable houses in their housing areas, and (2) a Utility Buffer. The Utility Buffer will start at no higher than 10% and decrease to zero over a specified period of time.
- The project/partnership will administer the resident utility program. To accomplish this, the project/partnership will receive the total BAH and set aside the Utility Allowance from the resident's BAH to pay for each resident's gas, electric and/or heating oil costs.
- Special category housing will be exempt from these policies and procedures. Residents of these houses will forfeit their entire BAH and the project will pay for all utilities for these houses from within the resident's BAH.



- Installations will implement/start the RCI utility program by individual housing area once a housing area is renovated/metered. That is, installations will not wait for the entire housing inventory to be metered.

The rationale for these policies and implementing instructions is to: (1) comply with OSD utility policy, (2) provide an incentive to residents to conserve energy, and (3) provide an incentive to the partnership to build/renovate houses using energy efficient methods, materials and systems. Additional specifics/clarifications are attached.

Requests for exception to these policies with full justification must be submitted to OASA(I&E) for consideration. The point of contact for this action is Mr. Ivan Bolden, RCI Program Office, Commercial (703) 692-9875 or DSN 222-9875.



Attachment

Mario P. Fiori

**DISTRIBUTION:**

Vice Chief of Staff, Army  
Assistant Secretary of the Army (Financial Management and Comptroller)  
Assistant Secretary of the Army (Manpower and Reserve Affairs)  
Assistant Secretary of the Army (Acquisition, Logistics and Technology)  
Director of the Army Staff  
Director of Residential Communities Initiative Program Office  
Commanding General, U.S. Army Forces Command  
Commanding General, U.S. Army Military District of Washington  
Commander, U.S. Army Corps of Engineers  
Commander, U.S. Army Training and Doctrine Command  
Commander, U.S. Army Materiel Command  
Assistant Chief of Staff for Installation Management  
The Inspector General  
Chief Legislative Liaison  
The Judge Advocate General  
Director of Program Analysis and Evaluation  
Director of U.S. Army Audit Agency  
Commander, U.S. Army Pacific  
Commander, U.S. Army Medical Command  
Commander, U.S. Army South  
Commander, Eighth U.S. Army  
Commander, U.S. Army Europe and Seventh Army  
Commander, Military Traffic Management Command  
Superintendent, U.S. Army Military Academy

## **RCI Utility Policy and Implementing Instructions**

1. **General**. The Army's utility policy is based on the OSD policy to conserve energy by providing incentives to occupants of privatized housing to conserve utility consumption. The Congress supports this policy.

2. **Background**. Army's original RCI utility policy had the project/partnership responsible for all utilities. However, in early 2001, OSD (with Congressional support) required Army to develop procedures to hold residents of privatized housing responsible for their utility costs. Accordingly, during 2001, Army issued interim utility policy guidance to conform to OSD policy.

### **3. Policies/Implementing Instructions.**

#### **a. Definition of Utility Allowance.**

- The Utility Allowance is a portion of the resident's BAH that is established by the project/partnership (in coordination with the installation) as a predetermined amount set aside to pay for utilities.

- The Allowance has two components: (1) reasonable estimate of the average cost of gas, electricity and/or heating oil for like houses in the same housing area on the same installation, and (2) a financial buffer to ensure that basic rent plus Utility Allowance generally remains within the resident's BAH.

- This Utility Allowance is independent of the utility component of BAH as determined by OSD.

#### **b. Metering of Homes.**

- All new and renovated houses will be metered for gas, electricity and/or heating oil during construction/major renovation. The costs for metering will be borne by the project/partnership.

- All units will be metered by the end of the project's initial development period. Provisions to meter will be specified in the project's CDMP and agreements.

- The four pilot sites (Forts Carson, Hood, Lewis and Meade) will comply with the utility policies outlined in the memorandum and policy instructions when practicable and economically feasible. Accordingly, existing contracts and/or CDMP agreements and documents will be modified to reflect this current policy as soon as possible.

#### **c. Resident and Project/Partnership Responsibilities.**

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- Residents will be responsible for natural/liquid gas, electricity and/or heating oil costs in their housing.

- The project/partnership will be responsible for all other utilities and all utilities for common areas and vacant houses. The CDMP and other project documents and agreements will outline the specifics of the RCI utility program.

d. Utility Allowance Determination.

- The Utility Allowance will go into effect once an entire housing area is built/renovated and metered, and a one-year baseline of average utilities is established by the installation.

- The Utility Allowance will be computed annually by the installation, in coordination with the project/partnership, based on the sum of: (1) the average utility costs of comparable houses in the same housing area over a one-year baseline period after all units in the housing area are renovated and metered, and (2) a Utility Buffer.

- The Buffer will be established by the installation, in coordination with the project/partnership, but it will not exceed 10% of the average utility cost for the first year of implementation and will decrease to zero at start of year three.

- The Allowance will be recomputed and published to residents at least once per year for adjustment each January. Other adjustments may be made when "spikes" in utility costs occur (e.g., energy crises, utilities privatization, etc.). These determinations will be made by the installation in coordination with the project/partnership.

e. Method of Resident Utility Payment.

- The project/partnership will receive the total BAH (including the Utility Allowance portion), and the project/partnership will set up a resident utility program in coordination with the installation.

- The resident utility program will include, but not be limited to: (1) meter reading to determine resident usage, (2) payment to utility providers, (3) mock billings to residents during the baseline year and actual billings in follow-on years to show them how they are doing and to provide suggestions on how to improve conservation, (4) rebates to residents if their utility costs are below their average utility estimates (i.e., Utility Allowance less Buffer), and (5) billings to residents (and collections) if their utility costs exceed their Utility Allowance.

- Meter readings, mock and real billings, and rebates and collections will be made at least quarterly.

f. Special Category Housing.

- Residents of homes that are larger than 3,000 net square feet and residents who have official and/or representational duties (as determined by the installation) will be exempt from these policies.

- Historic/other housing that cannot be economically metered during renovations may be exempted by the installation from these policies.

- The full BAH of Special Category Housing residents will be allotted to the project/partnership, and the project/partnership will pay all of the utility costs for these houses from within the BAH.

g. The administrative costs for this program will be borne by the project/partnership. That is, these costs will not be included in the cost of resident utilities.

h. All sites will report the status of metering/implementation/exceptions/etc. annually during submission of the OSD Performance Evaluation Plan (PEP) report.